

**MID-ATLANTIC REGIONAL COUNCIL  
FOR SMALL BUSINESS TRAINING AND ADVOCACY  
Minutes of Meeting, Valley Forge, PA – April 18-19, 2006**

**Introductions**

Christine Haber, MARC Chairperson, welcomed attendees, asked them to introduce themselves, and opened the meeting at 8:30 a.m.

**Attendees:** There were 41 attendees (including speakers) at the two-day meeting.

**Committee Reports**

Vice Chairperson, Patricia Huber: Pat announced that there are two new state representatives, Patricia Bullock, Maryland, and Mark Opilla, Pennsylvania, and one continuing state representative, Jana Tull, Virginia. Two states still need a representative, New Jersey and West Virginia. Any federal employee interested in being the New Jersey or West Virginia representative should contact Pat at Patricia.Huber@us.army.mil.

Treasurer's Report: The current balance at Citizen's Bank of \$3,895.41 includes \$2,500 of meeting cost reserve, leaving \$1495.41 discretionary funds as of 4 April 2006. The treasury files have been turned over to Linda Owen, current treasurer, who will be opening the new bank account after this meeting.

Legislative Committee, Linda Owen: Linda announced that she has a few copies of the current Legislative Highlights with her for anyone who wishes to review it. In addition, the full highlights will be distributed to the membership with the meeting minutes.

Planning Committee, Helen Katz: Helen thanked Jada Poller for an excellent job in planning the meeting. She also provided information on the next council meeting.

- Fall 2006 meeting – We will be at the Sheraton Oceanfront, Virginia Beach, at a rate of \$62 per night, the government rate; meeting dates are October 24 and 25, with executive board meeting on the 23<sup>rd</sup>. The council is talking to GSA about doing a combined outreach event for a portion of the second day. Under consideration is the following schedule: October 24, full day MARC meeting; October 25, MARC meeting for a portion of the morning (e.g., 8:00 to 9:30 a.m.) followed by participation in GSA event (e.g., from 10:00 a.m. to 1:00 p.m.).
- Winter 2007 meeting – we expect to be returning to the Tropicana, New Jersey, with Sherry Rose as the meeting planner.
- Spring 2007 meeting – several sites are currently under consideration for Maryland; Wayne McDonald has agreed to be the meeting planner.

Education Committee, Christine Haber: Please send Christine your recommendations for speakers and ideas for topics. Those attending should indicate any suggestions on the meeting feedback forms. Others can contact Christine at: Christine.Haber@us.army.mil.

## **Presentations and Speakers:**

**Michael Jaggard**, Chief of Staff/Policy, Deputy Assistant Secretary of the Navy, Acquisition Management.

“The first thing I tell a small business is that you have to know how to communicate with us”, said Mr. Jaggard. He recommends that new firms begin as a subcontractor, “get in with a prime contractor, learn the ropes and make some contacts”.

He reviewed several current issues that he believes are impacting small businesses.

Health of the Industrial Base – According to Mr. Jaggard, “I am a firm believer in the axiom that all of the innovation we put in the hands of our war fighter starts with small business”. Noting that ship building drives the Navy industrial base, he believes that we are on the verge of a crisis in that arena. Today there are two commercial ship builders and four shipyards, and not enough work to keep them occupied. The Navy bought four ships last year. While there are promising ships “coming down the line”, his concern is that the process costs a lot of money. For example, if the total cost to build a ship is \$13 billion, about \$7 or \$8 billion of that is the actual building, while the remainder is upfront design costs. He said, “I worry about the people below the prime level – we’re losing our base of people who know how to design ships.”

Defense Science Board (DBS) Study – DBS studied Vertical Integration, which occurs when primes buy their subcontractors and then turn to these firms as their divisions instead of subcontracting the work. This depletes the number of small businesses but increases revenue for the prime contractor’s shareholders.

Small Business Goals – Mr. Jaggard said that the Department of Navy (DON) performance is going in the wrong direction. Over the past four years, prime contracts to small businesses went from 21% to 18.6% of \$56 billion, or about \$10.3 billion. So far this year it is down to 15%. For the first time in 15 years, the Navy is missing its SDB goal. He believes that this is due in part to the industrial base issues, and partly due to how the dollars are being spent. The current urgent manner of spending to support the war fighters usually ends up in the hands of large businesses. He said that we measure the wrong thing for today’s global economy when Congress measures the number of prime contracts to small businesses. Instead we need to include the subcontracted dollars. One current legislative proposal states that a truer metric would be to measure total revenue to small business, including both prime and subcontract dollars. He noted, however, that the feedback he receives from small businesses is that they would rather be a prime contractor than subcontractor.

NMCI – He said that he is “a fan of NMCI”. The original solicitation had a 35 percent small business goal that was based on total contract value, rather than total to be subcontracted. The decision to use 35 percent was based on how much was already flowing to small businesses in the federal supply class that would be impacted by NMCI. EDS’s offer exceeded the requested goal and they met what they proposed, thereby becoming eligible for built-in incentives. The prime contractor’s actual performance to date is well above the 35 percent goal.

Comprehensive Subcontracting Program – He said that he “is not a fan of comprehensive plans” and would rather see individual plans executed on contracts.

eSRS – Noting that he is pushing to use eSRS, Mr. Jaggard said, “we would love to know how we’re spending our money”. He said that eSRS will give him additional business intelligence.

Service-Disabled Veteran Owned Small Business Program – He acknowledged that the Navy is “lagging behind” in meeting its goal for prime contracts in this area, partly due to the “lack of teeth in the program.” When the statute was passed with the language that the contracting officer “may” instead of “shall” set-aside buys for SDVOSBs that made the goal harder to meet. In addition, there are currently not enough SDVOSBs available for the Navy to meet the 3 percent goal.

Management & Oversight of Services – He said that the Navy is now spending more on services than on supplies. Mr. Jaggard challenged the notion that R&D for new ships be included in services, because the end product for the Navy is a ship. He would like to focus on “the other kind of services”. He noted that the Navy has replaced part of its civilian workforce with contractors, but is still spending the same overall amount on services. A recent change in the Navy is to require the same structure and process for services that is required for major weapon systems acquisitions. Some type of acquisition plan is required for anything over \$100,000, approved by the PEO to \$500 million, with those over \$500 million being approved by his office.

Seaport-e Program – Seaport Enhanced – Today 622 prime multiple award contracts for professional and management services are part of Seaport-e, providing whatever a program manager requires. Task orders are competed among schedule holders; use has been expanded to all 11 HCAs. The Air Force and Army have requested to be briefed on Seaport-e.

Mr. Jaggard was asked what impact he sees strategic sourcing having on small businesses. He replied that there is potential for negative impact and said that we must guard against it.

### **Roundtable Discussion Part 1, Moderator Carol S. Decker, MARC Secretary:**

Topics included Strategic Sourcing; the Office of Small Business Programs as compared to the OSDDBU and SADBDBU offices; and ORCA – Online Representations and Certifications.

**Diana Mukitarian**, Legislative Fellow, House Committee on Small Business.

“I’ve come full circle in my career”, said Ms. Mukitarian, “to see how it all works and fits together.” Before taking the position of Legislative Fellow, she worked in the fields of federal acquisition and small business programs for the Department of Treasury, Navy, SBA, and most recently at National Institutes of Health, in addition to being an active member of the MARC and Communications Committee Chair. Now, she participates in legislative oversight activities such as hearings and roundtables, and in the lawmaking process from legislative proposal through statute.

She called her current position “an eye-opening experience” noting that she was amazed to see that about 98 percent of everything she’s worked on has died, saying “nothing comes of it.” Despite those odds, she invited the group to submit ideas to her on small business areas of concern because she is always looking for new and evolving ideas for small business programs.

Ms. Mukitarian presented an overview of the federal government structure, discussing how the House Small Business Committee operates within that structure. If any agency's work involves small businesses, she said that the committee has an opportunity to comment on it.

She also reviewed the elements of Congressional correspondence, how to contact the Small Business Committee, Sources of Legislative Proposals, and the steps to bringing legislation forward from committee to final vote. Ms. Mukitarian said that her job entails attending a lot of hearings, roundtables, summits, receptions, and educational events.

In current action, the House Committee is drafting legislation to improve the small business program hoping to give "small businesses a place at the table" and an invitation to participate in the planning. She noted that she believes that there are major problems concerning data, especially concerning the accuracy of data in FPDS-NG and eSRS.

In reviewing various agency programs, she noted that she thinks DOD has the best overall program, that FEMA may soon have an acquisition office in place, that openings at the top of OFPP (Office of Federal Procurement Policy) may keep some things from happening, and that the group should be on the look-out for small business legislation to be introduced.

Anyone who is interested in becoming a legislative fellow should contact their individual agency. Ms. Mukitarian noted that the Department of Agriculture has a formal program to which employees can apply. To watch for upcoming legislative proposals, the websites are: [www.senate.gov](http://www.senate.gov) or [www.house.gov](http://www.house.gov) followed by connecting to the Small Business Committee links. To locate information on public hearings, look for the events link at these sites and then for hearing schedules at either the committee or subcommittee levels.

**Susan Rossomando**, Manager, Project Development, Greater Philadelphia Chamber of Commerce.

"I'm here to talk about our new program, which has been warmly received" in the small business community, said Ms. Rossomando. Noting that 80 percent of chamber members are small businesses, she introduced their new Vetwork Your Business program, and said "it would not exist without our supplier network program."

Vetwork Your Businesses is intended to increase the number of businesses in CCR who are veteran-owned or service-disabled veteran owned small businesses. Companies must be in business for three years, must provide a product or service that large businesses are interested in, attend a four-day training session, and can then benefit from the education and network opportunities offered. The final goal is a pipeline of quality veteran/service disabled veteran networking within the chamber.

Saying that she set out to "un-camouflage the vet" she said that she presented the idea to large businesses, worked with SBA Philadelphia, and set out to help veteran-owned small businesses have their own local registry.

Ms. Rossomando said that the program's training level initially targeted firms having beginning to intermediate level experience, but noted that she is working on a more advanced curriculum for seasoned firms. Once the businesses are identified and educated, they can benefit from the supplier network, conferences, and specific networking opportunities.

To find out more about Vetwork Your Business, she recommended visiting the internet starting point [vetworkyourbusiness.gpcc.com](http://vetworkyourbusiness.gpcc.com), which includes the companies who have gone through their supplier education program. She said that she refreshes her awareness of veterans'

employment issues by using sites like hirevetsfirst.gov and military.com, and mentioned that VetNetwork has received interest from other parts of the state and across the nation from chambers who would like to duplicate the effort for their members.

**Roundtable Discussion Part 2, Moderator Patricia Huber, MARC Vice Chair.** This session of the roundtable was devoted to a host of subcontracting issues.

**Robert Rosania**, Chief Executive Officer, Ehmke Manufacturing Company, Inc..

Mr. Rosania introduced his HUBZone small business as a textile solutions company, saying that they are interested in “anything made out of heavy duty fabric and webbing that the military can use” but noted that Ehmke does not make apparel or uniforms. Ehmke was the national winner of the 2005 SBA Prime Contractor of the Year award.

He said that 95 percent of Ehmke’s products support either the US military or the defense industry. “One of the major products imported to the US is textiles,” he said, “You have to be very good at what you do. In the commercial world, it’s very difficult to compete with the cost of labor and materials offshore.” The Buy American Act and Berry Amendment have made the military marketplace a niche for Ehmke, but he noted that due to the uncertainty of the future “we have to prepare ourselves to be the best in the world at what we do.”

Citing recent growth, he noted that in 1998, Ehmke was a less than \$2 million firm, but by the end of 2007 expect to have grown to be a \$10 million company. In addition to the SBA national award, they have received recognition from the Philadelphia Chamber of Commerce, Boeing, Lockheed, General Dynamics, Raytheon, and the Defense Logistics Agency.

When asked how Ehmke became a success, Mr. Rosania tells companies that it is easier to enter the market “if you follow the processes and know what your customer is looking for. Then, the Boeings and Lockheeds are the best customers in the world.” He tells firms that they need to know their core competencies and present them before they can start moving down the right track.

Pointing out that small firms do not have a lot of marketing dollars, he said that they’ve learned how to communicate effectively. Saying that “effective marketing does not have to be costly,” he said that rather than handing out a lot of glossy brochures, he finds that contracting officers prefer a capabilities statement. In addition, the company issues quarterly newsletters, sends postcards, posted the glossy brochure on their website, and give customer product seminars, like one at Warner Robbins AFB to introduce the next generation of safety harnesses.

Looking back at the company’s evolution, he said that they had been doing some military work and some awning work, but had to make a decision. They decided to focus on becoming the best military customer. They make acoustical blankets, some heavy duty fabrics, safety harnesses, and soft-sided cases. Looking out five-ten-fifteen years, he said, “we’ve made a strategic decision at the corporate level to concentrate on the military items because that’s what we do best.”

When asked about the challenges he faces as a small businesses, Mr. Rosania said that “it can be daunting to go through all the websites and sort through all the noise to locate your product opportunity.” Ehmke uses a targeted bid services to help sort thought all of that.

His message to federal contracting officials is not to turn away small businesses who want to talk to you about their capabilities. As far as help he has received from the federal government, he has benefited from their Mentor-Protégé program with Boeing and said that they are putting together a Lean Manufacturing plan to make Ehmke more efficient.

When asked about the impact of his HUBZone certification, he said that he has seen that when a HUBZone company moves in, the vacant buildings around it start to fill up. “When we moved from one HUBZone to another,” he said, “there were five vacant buildings around us. Four of those have now filled up.

In closing, Mr. Rosania quoted his company motto: “We make every stitch count.”

**Carol Decker**, Procurement Center Representative, Small Business Administration.

Current issues addressed included new SBA personnel, size standard and GAO decisions of note, federal acquisition reform panel recommendations, and eSRS improvements.

New Personnel - SBA’s new head of Government Contracting is Anthony (Tony) Martoccia. As the new Associate Deputy Administrator for the Office of Government Contracting and Business Development, he will be a chief advisor to SBA’s Administrator on policy and procedures relating to the 8(a), HUBZone, Size, Technology, and Small Business contracting programs. His procurement background includes working for the Department of Transportation, NASA, and Defense Logistics Agency.

SBA’s Office of Hearings and Appeals (OHA) – An independent office within the SBA, OHA adjudicates disputes on size determinations, NAICS Code designations, SDB status, and 8(a) eligibility issues and development company determinations. The decisions are posted at [www.sba.gov/size/](http://www.sba.gov/size/) and serve as a good resource. Several specific cases were discussed involving NAICS Code selections, disagreements over NAICS assignment, and two involving dispute of a company’s representation as Service Disabled Veteran Owned Small Business.

Recent GAO Decisions of Interest – A recent decision pointed out the importance of ensuring that solicitations include proper clauses and provisions to accomplish the intent of any socio-economic announcements made during synopsis on FedBizOpps. In decision B-296902; B0296902.2, September 2005, the contracting activity issued a synopsis that stated the intent to make at least one award to a small business and one to an 8(a) business, but the subsequent RFP contained no mechanism to accomplish it, e.g., set-aside clauses. Noting that the interested party should have addressed the issue while the RFP was open, the GAO said, “the protestor, a section 8(a) qualified business, had no basis to expect that the agency would award it a contract as the only 8(a) offeror submitting a technically acceptable proposal where the solicitation was issued on an unrestricted basis.”

Other decisions addressed “bridging” contracts, Federal Supply Schedule orders, defining what is a “new requirement”, and proposal mailing issues.

Federal Acquisition Reform Panel – A federal acquisition reform panel gave an initial stamp of approval to recommendations of small business working group, including measures to clarify small business order of preference, enhance training in the areas of contracting and subcontracting, create an interagency group to look at unbundling large contracts, and addressing the use of cascading set-asides. The panel postponed making decisions on recommendations relating to GSA’s FPDS-NG.

eSRS – Electronic Subcontract Reporting System - Updates have been made to the site and new reports are available. New features include an easy way to update email addresses, batch uploading capability, and a button to make directory updates. Final operating capability for non-defense agencies was attained on March 24. Efforts are now being made to migrate data from GSA and NASA to avoid re-keying 2004 and 2005 information that was already reported. The FAR case is expected to be published in the *Federal Register* soon.

**Michael Bush**, Corporate Director of Supply Chain Diversity, Lockheed Martin Corporation, and President, Alliance of Supplier Diversity Professionals (ASDP).

“Our objective is to provide professional development training to our small business officers. Companies are starting to recognize that there is competitive benefit to having an effective supplier diversity program,” said Mr. Bush.

ASDP is a forum to exchange information, influence small business legislation, and enhance skills and customer relations. It started in Florida in 2002, a spin-off of a Florida Supplier Diversity group. They are expanding nationally and currently have 80 to 100 members with a presence in Louisiana, Texas, Washington, DC, and Chicago.

The Alliance has objectives to define and publish certification requirements, training materials, set guidelines for establishing councils in US markets, and to increase membership 35 percent annually. He said that dues are \$100 per person, which gives the member discounts on events and training opportunities, plus access to the membership network.

Some of the training topics will include subcontracting, small business categories, regulations, preparing for customer reviews, the mentor-protégé program, sourcing strategies, supplier-diversity best practices, management, reporting, and available resources.

To become a certified Supplier Diversity Professional, a member must pass four exams, have two years experience, be a member, and have a four-year college degree or eight years of experience. Certification is good for three years; continuing education will be a requirement of recertification. The certification is called CSDP – Certified Supplier Diversity Professional.

ASDP has committees for training, membership, legislative interests, commercial interests, and national expansion. Their website, for more information, is [www.asdp.us](http://www.asdp.us).

In closing, Mr. Bush said, “we will stay true to our mission and will have an educational component to each of our meetings. I hope you will consider joining us.”

Respectfully submitted,  
Carol S. Decker, MARC Secretary